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Message Text

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73
ACTION EUR-25

INFO OCT-01 IO-14 ISO-00 SAM-01 AGR-20 CEA-02 CIAE-00

COME-00 DODE-00 EB-11 FRB-03 H-03 INR-11 INT-08 L-03

LAB-06 NSAE-00 NSC-07 PA-04 RSC-01 AID-20 CIEP-03

SS-20 STR-08 TAR-02 TRSE-00 USIA-15 PRS-01 SP-03

OMB-01 SWF-02 FEA-02 DRC-01 /198 W
---------- 023388
R 091712Z AUG 74
FM USMISSION EC BRUSSELS
TO SECSTATE WASHDC 7342
INFO AMEMBASSY BONN
AMEMBASSY BRUSSELS
AMEMBASSY COPENHAGEN
AMEMBASSY DUBLIN
AMEMBASSY THE HAGUE
AMEMBASSY LONDON
AMEMBASSY LUXEMBOURG
AMEMBASSY PARIS
AMEMBASSY ROME
USMISSION GENEVA
USMISSION OECD PARIS

LIMITED OFFICIAL USE SECTION 1 OF 2 EC BRUSSELS 6056

PASS AGRICULTURE

E.O. 11652: N/A
TAGS: EAGR, ETRD, EEC
SUBJECT: INWARD PROCESSING ARRANGEMENTS FOR BEEF AND PORK PRODUCTS

REF: (A) EC BRUSSELS 5992 (B) THE HAGUE 3766 (C) STATE 170133
(D) THE HAGUE 3901

1. BEGIN SUMMARY: FURTHER INVESTIGATION CONVINCES US THAT THE
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EFFECT OF EC DECISIONS TAKEN SO FAR IS NOT TO PROHIBIT IMPORTS

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OR EXPORTS OF ANIMAL FATS, BUT TO SUBJECT THEM TO CUSTOMS DUEITES ON A PROCESSING AND RE-EXPORT TRADE THAT HAS UP UNTIL NOW BEEN CARRIED OUT ON A DUTY FREE BASIS. WASHINGTON MAY WISH TO INSTRUCT POSTS TO TRY TO GET ANIMAL FATS EXEMPTED FROM THE NEW REGULATIONS SO THAT THE TRADE CAN CONTINUE ON A DUTY FREE BASIS. END SUMMARY.

2. WE HAVE NOW HAD A CHANCE TO REVIEW THE SITUATION WITH BRADLEY OF THE NATIONAL RENDERERS ASSOCIATIONS. HIS VARIOUS DISCUSSIONS WITH THE DUTCH TRADE AND OUR FURTHER EXAMINATION HERE CONFIRM THE CONSLUSIONS AND INTERPRETATIONS IN PARA. II OF REF. A. THE NETHERLANDS IS, FOR ALL PRACTICAL PURPOSES THE ONLY MEMBER STATE INVOLVED IN INWARD PROCESSING ARRANGEMENTS FOR LARD, TALLOW AND MISCELLANEOUS ANIMAL OILS AND FATS.

3. COUNCIL REGULATIONS 1853/74 AND 1854/74 EXCLUDE CXT NO. 15.02 B I, BOVINE FAT AND TALLOW (7PERCENT DUTY) AND LARD CXT NO. 15.01 A (MAXIMUM 3 PERCENT DUTY OR LEVY) AMONG OTHER PRODUCTS, FROM INWARD PROCESSING ARRANGEMENTS. CY 1972 AND 1973 IMPORTS OF THESE AND OTHER FATS INTO THE NETHERLANDS TOTAL AND FROM THE US, WITH THEIR RESPECTIVE VALUES, WERE:

	CY 1972		CY 1973	
CXT NO.	QUANTITY	VALUE 1/	QUANTITY	VALUE 2/
15.01	(MT)	(000U.A.)	(MT)	(000 U.A.)
A I TOTAL	8,238	1,051	15,620	4,058
US	0	0	608	123
A IIA TOTAL (EDIBLE)	12,043	2,285	8,399	2,581
US	0	0	304	97
A IIB TOTAL (INEDIBLE)	22,676	3,712	4,518	1,133
US	7,033	1,098	490	86

1/ CONVERTED EACH 3.62 GUILDERS EQUALS U.A. 1.00
2/ CONVERTED EACH 3.53 GUILDERS EQUALS U.A. 1.00

CXT NO.	QUANTITY	VALUE	QUANTITY	VALUE
15.02	(MT)	(000U.A.)	(MT)	(000 U.A.)
A TOTAL	12,472	1,962	4,220	1,091
US	8,007	1,215	3,394	879

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B I TOTAL	54,803	8,320	23,359	5,316
US	27,778	4,162	7,055	1,569
15.06 TOTAL	106,503	15,491	127,132	26,266
US	44,899	6,725	62,615	13,272

SOURCE: DUTCH TRADE STATISTICS

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ACTION EUR-25

INFO OCT-01 IO-14 ISO-00 SAM-01 AGR-20 CEA-02 CIAE-00

COME-00 DODE-00 EB-11 FRB-03 H-03 INR-11 INT-08 L-03

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SS-20 STR-08 TAR-02 TRSE-00 USIA-15 PRS-01 SP-03

OMB-01 SWF-02 FEA-02 DRC-01 /198 W
---------- 025831
R 091712Z AUG 74
FM USMISSION EC BRUSSELS
TO SECSTATE WASHDC 7343
INFO AMEMBASSY BONN
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AMEMBASSY DUBLIN
AMEMBASSY THE HAGUE
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USMISSION GENEVA
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PASS AGRICULTURE

4. BRADLEY STATES THAT THE DUTCH PROCESSING TRADE IS CONCERNED OVER DRAFT COUNCIL DIRECTIVE GUD/608/74 OF JULY 17, 1974, MENTIONED IN REF. B, OF WHICH WE HAVE A COPY. NOTE THIS IS A COMMISSION

WORKING DOCUMENT WHICH WILL NOT BE UNDER FURTHER CONSIDERATION UNTIL AFTER THE SUMMER HOLIDAYS. THIS DRAFT DIRECTIVE WOULD TEMPORARILY SUSPEND INWARD PROCESSING ARRANGEMENTS (SUSPENSION OR RESTITUTION OF IMPORT CHANRGES) FOR THE CXT NOS. LISTED BELOW WITH-
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OUT REGARD TO THE FORM OR CONDITION IN WHICH THEY MAY BE EXPORTED, WHEREAS COUNCIL REGULATIONS 1853/74 AND 1854/74 BAN INWARD PROCESSING ARRANGEMENTS FOR MOST BEER AND PORT "....PRODUCTS LISTED IN ARTICLE 1...WHICH ARE INTENDED FOR THE MANUFACTURE OF PRODUCTS LISTED IN THAT ARTICLE."" FOR EXAMPLE, THE DRAFT DIRECTIVE WOULD PROHIBIT AN INWARD PROCESSING ARRANGEMENT FOR BACK FAT (CXT 02.05 A) EXPORTED IN ANY FORM, I.E., AS EDIBLE LARD (CXT 15.01 A II). FOLLOWING ARE THE ITEMS LISTED IN GUD/608/74:

01.02 A II	15.02 B I	
01.03 A II	02.05 A AND B EX 16.01	
02.01 A II A)	02.06 B	16.02 A II
02.01 A III A)	02.06 C I A)	16.02 B III A)
02.01 B II B)	02.06 C I B)	16.02 B III B) 1
02.02 B II C)	15.01 A	

5. OUR INFORMATION HERE DOES NOT COINCIDE WITH THE DUTCH PRODUCT BOARD'S CONCLUSION, REPORTED PARA. 5 OF REF. D, THAT THE DRAFT COUNCIL DIRECTIRVE WOULD PROHIBIT RE-EXPORTS UNDER CXT NOS. 15.12, 15.13 AND 21.07, SINCE THE DRAFT DIRECTIVE IN FACT WOULD NOT REPEAT NO PROHIBIT ANY EXPORTS. IT WOULD SIMPLY SUSPEND INWARD PROCESSING ARRANGEMENTS FOR GOODS IMPORTED UNDER THE TARIFF POSITIONS LISTED IN PARA. 4 ABOVE. ALL IMPORTS OF PRODUCTS FALLING EITHER IN TARIFF POSITIONS AFFECTED BY COUNCIL REGULATION 1853/74 OR 1854/74, OR IN THOSE THAT MAY BE AFFECED BY THE DRAFT DIRECTIVE, MAY CONTINUE IF THE PERTINENT IMPORT CHARGES ARE PAID.

6. REGULATIONS 1853/74 AND 1854/74 OSTENSIBLY AIMED AT PROMOTING THE CONSUMPTION OF SURPLUS EC BEEF AND PORK MEAT. BUT BY MAKING THEM APPLICABLE TO ALL PRODUCTS AFFECTED BY THE BASIC BEEF AND PORK MARKET REGULATIONS, THEY ALSO AFFECT UNRENDERED TALOW (15.02 B I) AND RENDERED LARD (15.01 A) NEITHER OF WHICH, AS FAR AS WE CAN DETERMINE, IS IN SURPLUS IN THE COMMUNITY. THIS IS THE "SLIP" REFERRED TO IN PARA. 3 OF REF. D. IN FACT, THE COMMUNITY IS A NET IMPORTER OF ANIMAL FATS DUE LARGELY TO THE LOW FAT YIELDS OF ITS CATTLE AND HOGS. EC TALLOW YIELDS ARE ABOUT ONE-HALF TO ONE-THIRD OF US YIELDS; EC LARD YIELDS ARE ABOUT ONE-HALF OF US YIELDS.

7. WE SUGGEST THAT WASHINGTON INSTRUCT USEC AND OUR EMBASSIES
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IN THE NINE TO OFFICIALLY REQUEST THAT THE EC COUNCIL EXEMPT ANIMAL FATS FROM THE SUSPENSION OF INWARD PROCESSING ARRANGEMENTS IMPOSED BY COUNCIL REGULATIONS 1853/74 AND 1854/74, DRAWING ON THE FOLLOWING:

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-- THE US ENJOYS A TRADITIONAL TRADE WITH THE NETHERLANDS IN ANIMAL FATS, WHICH ARE PROCESSED AND SUBSEQUENTLY RE-EXPORTED;

-- THIS TRADE WOULD BE SERIOUSLY AFFECTED BY COUNCIL REGULATIONS 1853/74 AND 1854/74 BY REQUIRING DUTCH ANIMAL FAT IMPORTS UNDER CXT NOS. 15.02 B I AND 15.01 A TO PAY IMPORT CHARGES, WHICH WOULD MAKE THE PRODUCTS PROCESSED FROM THEM UNCOMPETITIVE FOR RE-EXPORT (THOUGH WE SHOULD NOT REFER TO US POSSESSION OF INTERNAL COMMISSION WORKING DOCUMENT GUD/608/74, WE COULD ALSO MENTION TRADE REPORTS ABOUT FURTHER EC TRADE RESTRICTIVE ACTIONS BASED ON IT);

-- SINCE ANIMAL FATS ARE NOT IN SURPLUS IN THE EC, WHICH IS IN FACT A NET IMPORTER OF THEM, THERE APPEARS TO BE NO JUSTIFICATION FOR EXCLUDING ANIMAL FATS FROM INWARD PROCESSING ARRANGEMENTS AND NO BENEFIT TO THE EC TO INTERRUPT THIS MUTUALLY BENEFICIAL TRADE.

8. WE ARE FORWARDING A COPY OF GUD/608/74 BY AIRGRAM.JOHNSTON

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